SUPPLEMENT TO

INFO. 25X1X REPORT NO.

- The Deutsche Notenbank expects to net a pure profit of DM 73,000,000 during 1951. This figure appears in the provisional DDR budget for 1951 as anticipated income.
- The provisional 1251 budget provides for a subsidy of DN: 137,000,000 for the MAS (farm implement lending stations). It likewise forecess an expenditure of DN: 31,000,000 for reforestation during 1951.
- 3. The Deutsche Notenbank will provide a special credit of approximately D! 100,000,000 for the purchase of sugar in the DDR during 1951. The SKK has ordered the DDR to buy and store large quantities of sugar during the year.
- 4. The president of the Deutsche Investitionsbank is reported to favor the continuation of the present heavy export of cement and to have stated that, if the cement were allowed to be placed on the domestic market, building activity would be encouraged and increased to the extent where it would place a severe strain on the credit structure of the DDR.
- 5. The office of tax administration in the Ministry of Finance is now staffed as follows:

Chief
Deputy Chief
Deputy Chief
Deputy Chief
Personnel Section
Accounting
Inspection and Instruction
Taxation, VEB enterprises
Taxation, private enterprises
Taxation, personal income
Taxation, transaction
Price Administration
Central Finance Court

COUNTRY

SUBJECT

PLACE ACQUIRED DATE OF

Dr. Karl Kaiser
Willi Guth
Ernst Hönig
Fritz Baer
Dr. Ernst Kacmmel
Paul Geske
Emil Heldt
Helmut Sandig
Erwin Schulz
Heinrich Gabler
Wille Garlin
(position open)

All appointees in the department are members of the SED.

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CENTRAL INTELLIGENCE AGENCY

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- 6. Director Dewey of the Deutsche Notenbank board disclosed in a conversation with several officials of the DDR Ministry of Finance that the Soviet finance officer withdraws roughly ML U0,000,000 in each from the bank each month. In the bank accounting, about 25 percent of this sum is charged to the DDR budget, while 75 percent is charged to reparations. When one member of the group remarked that this was a rather large sum to be required in each for occupation expenses. Dewey replied that between ML 55,000,000 and ML 50,000,000 went to Mismut A.G. each month for payment of salaries and wages.
- 7. According to the DDR law of 8 September 1950, providing for the payment of old bank balances to the aged and physically handicapped, some DE 165,000,000 have been disbursed by the Teutsche Notenbank to arencies of the DDR. The bank is now asking that this money be paid out of the DDR annual budget. The budget committee has so far refused to accept this responsibility.
- 8. During the year 1950, the DDR budget provided for a sum of roughly DM 1,000,000,000 to cover in part the difference arising out of the currency reform at the official rate of 10 to 1 and the rate of 1 to 1 for funds converted by the STA, SED, FDGB, VEBs, etc. The balance of BM 60,000,600 should come out of the 1951 budget. BM: 20,000,000 has already been paid. The budget for 1951 can ill afford this added strain, but the SKK is insisting that this difference be cleared up during the present year so that the currency of the DDR may be completely covered.
- 9. The proposed credit plan for the first quarter of 1951 provides for a total of DM 4,633,000,000 in short term credits as against DM 3,960,000,000 for the fourth quarter of 1950. Both the Ministry of Finance and the Deutsche Notenbank have opposed credit expansion to that extent, on the grounds that between five and six hundred million of previously granted short term credits have not been repaid and have had to be carried on special accounts by the Notenbank. The increase of nearly DM 700,000,000 in needed short term credits possibly indicates that DDR industry is less capable at present of financing its own business than it was in 1950.
- 10. The proposed investment plan for 1951 envisages a sum of DE 3,800,000,000. It is apportioned roughly as follows:

 DDR and Vonal VEBs
 DH 2,300,000,000

 Soviet stock companies
 200,000,000

 The five Lander
 700,000,000

 Special projects
 500,000,000

 Roserves
 100,000,000

- 11. On 1 March 1951, the MO had short term obligations to the Deutsche Motenbank amounting to about Mi 260,000,000. At present the MO is wable to reduce this obligation to any extent, because it is loaded with heavy inventories of industrial goods whose turnover has virtually ceased. This lack of sales activity is attributed to the increasing currency scarcity throughout the DDR and to the unattractive quality of MO merchandise.
- 12. In the month of February 1951, greet sales of the HO in Berlin amounted to MI 73,000,000. It is estimated that between 60 and 70 percent of sales were made to West Berlin citizens.

